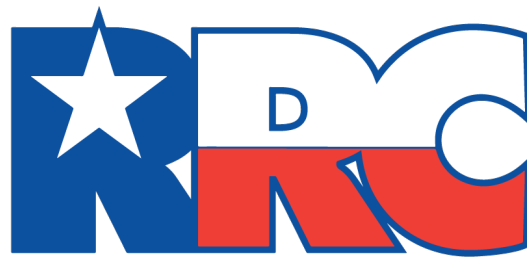


2025

OILFIELD CLEANUP PROGRAM
ANNUAL REPORT



LEADING TEXAS ENERGY
OIL & GAS ★ COAL ★ PIPELINES
RAILROAD COMMISSION OF TEXAS

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Executive Summary

The Railroad Commission (RRC) is deeply committed to protecting the environment and natural resources of this state. One of the most important ways the RRC achieves this is through the restoration of land used in energy production to a safe, productive condition. Although most oil and gas wells that are no longer productive are plugged by responsible operators, the RRC administers Texas' Oil Field Cleanup Program to plug abandoned wells. First established in 1984, RRC's Oil Field Cleanup Program has plugged over 47,000 abandoned wells across Texas.

Section 81.069, Natural Resources Code, requires that the Railroad Commission submit to the Legislature and make available to the public this report reviewing the extent to which Oil and Gas Regulation Cleanup Fund (OGRC) dollars have enabled the Commission to better protect the environment through oil field cleanup activities. The OGRC funds the plugging and remediation activities of the Oil Field Cleanup Program. The Commission is proud to report that OGRC funds were used to better protect the environment in areas across Texas in FY 2025. Key highlights within the Commission's FY 2025 report are as follows:

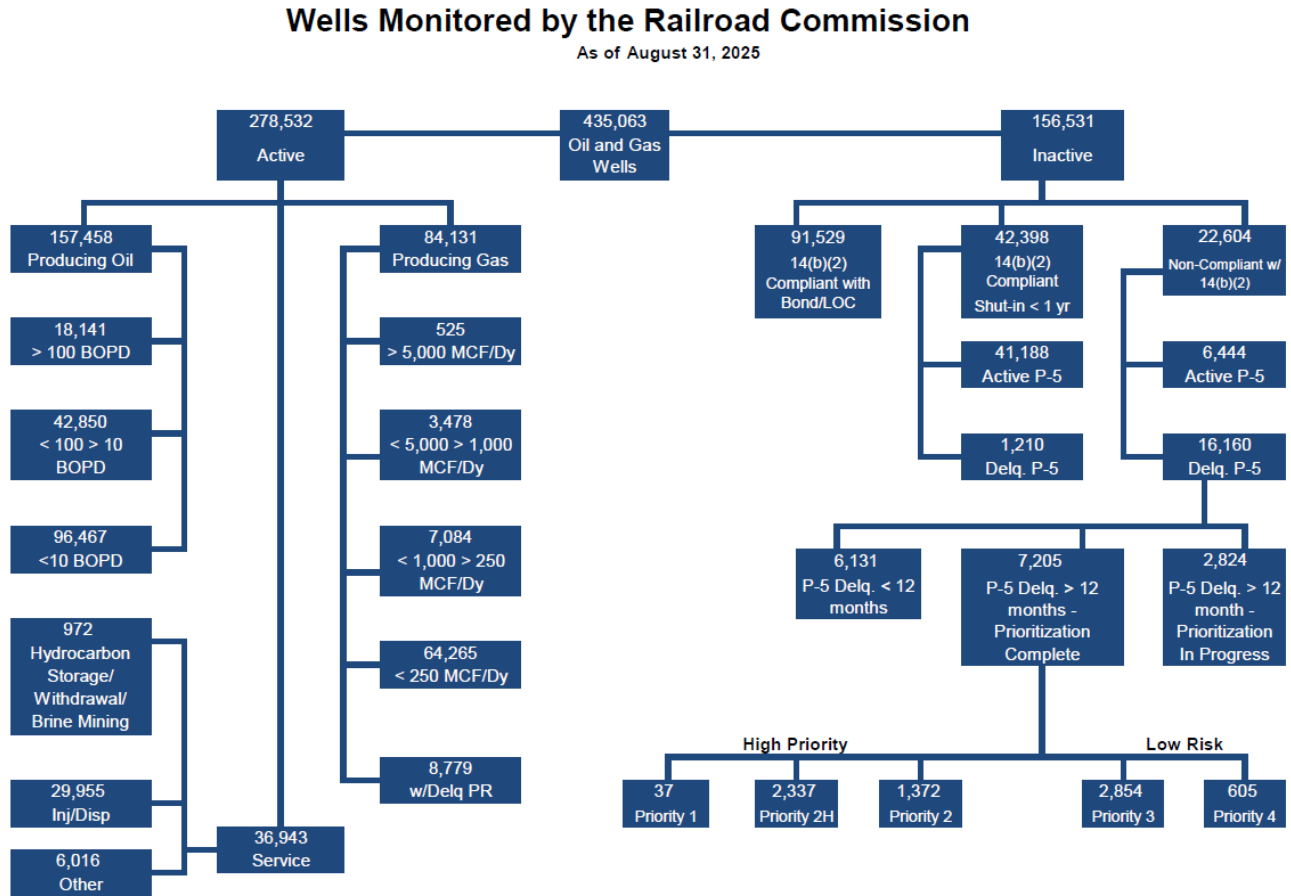
- RRC plugged 775 abandoned wells in FY 2025 using state funding, plugging 225 fewer wells than the agency's annual performance measure target for wells plugged with state funds.
- Site Remediation exceeded the target set by the Commission's fiscal year 2025 annual workplan target for 200 surface locations to be remediated. The Site Remediation program met 71 percent of the General Appropriations Act performance measure target for abandoned site investigation and cleanup as Infrastructure Investment and Jobs Act (IIJA) funds for cleanup activities was not accessible throughout Fiscal Year 2025.
- As of August 2025, there were 10,029 abandoned, orphaned wells in Texas. While this represents an increase in the total orphaned well population over the past 15 years, much can be attributed to unprecedented volatility experienced by the energy industry. The abandoned well population increased by 1,682 wells during fiscal year 2025.
- RRC's well plugging expenditures totaled \$62 million for fiscal year 2025.
- The number of inactive wells not in compliance with RRC rules has generally decreased over the past 20 years. In fiscal year 2004, there were 22,119 non-compliant wells. This number, however, increased from August 2024 to August 2025 from 19,090 to 22,604 wells. The total number of wells in the state increased by 78,994.
- During fiscal year 2024, RRC identified 1,959 abandoned oilfield sites as candidates for state-managed remediation.

Background

Orphan Wells in Texas

As of August 2025, the Commission tracked 435,063 active and inactive oil and gas wells across Texas. Of this total, 156,531 wells are inactive, while the other 278,532 are active. Figure 1 illustrates the categories of active and inactive wells monitored by the Railroad Commission.

Figure 1: Wells monitored by the Railroad Commission



Inactive, shut-in oil and gas wells account for 36 percent of the total well population. The majority of these inactive wells are compliant with Commission rules. Operators of record plug most of the compliant inactive wells and some of the non-compliant inactive wells as required by the Commission. Of the 156,531 inactive wells, 10,029 are defined by the Commission as orphaned wells. An orphaned well is any oil or gas well that is inactive and not backed by an operator’s financial assurance represented by a P-5 with the Commission.

These 10,029 orphaned wells eventually require plugging by the Commission with OGRC funds and/or other state and federal funds. These wells are plugged through the Commission’s State Managed Plugging Program.

The number of orphaned wells is a dynamic number that changes daily, as wells move into and out of compliance with Commission rules. The Commission attempts to capture this dynamic number with a monthly count of the orphaned well population. Table 1 depicts these changes throughout fiscal year 2025. Table 2 defines each of the categories listed in Table 1. The Commission began the fiscal year with 8,347 orphaned wells, as shown in Table 1. While Commission plugging operations, operator changes, P-5 renewals, and other factors decreased the aggregate orphan well population throughout the year, other factors, principally operators with delinquent P-5s, contributed more wells to the state’s orphaned well counts. The Commission ended FY 25 with 10,029 orphaned wells. This represents an increase of 1,682 wells during fiscal year 2025.

Table 1: Change to orphaned well population FY 25

Month of activity	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Summary
Beginning Population (from previous month)	8,347	8,375	8,584	8,477	8,486	8,584	8,778	8,955	9,599	8,925	9,270	9,748	8,347
Plugged	(138)	(146)	(118)	(70)	(158)	(65)	(55)	(112)	(48)	(38)	(15)	(22)	(985)
Returned to Active Status	0	(1)	0	0	0	0	0	0	0	(2)	(1)	0	(4)
Operator Change	(3)	(12)	(25)	(9)	(9)	(10)	(10)	(27)	(20)	(56)	(65)	(13)	(259)
P-5 Renewal	(14)	(17)	(1)	(1)	(9)	0	(22)	0	(4)	0	(5)	0	(73)
Other Reasons	0	0	0	0	0	(1)	0	0	0	0	0	0	(1)
Originally Delq P5 > 12 months	(48)	0	(1)	0	0	0	0	0	(838)	0	0	0	(887)
Originally Delq P5 < 12 Months	127	379	21	73	261	243	243	742	228	406	445	242	3,410
Wells Added to Population	104	6	17	16	13	27	21	41	8	35	119	74	481
Ending Population	8,375	8,584	8,477	8,486	8,584	8,778	8,955	9,599	8,925	9,270	9,748	10,029	10,029

Table 2: Well Categories

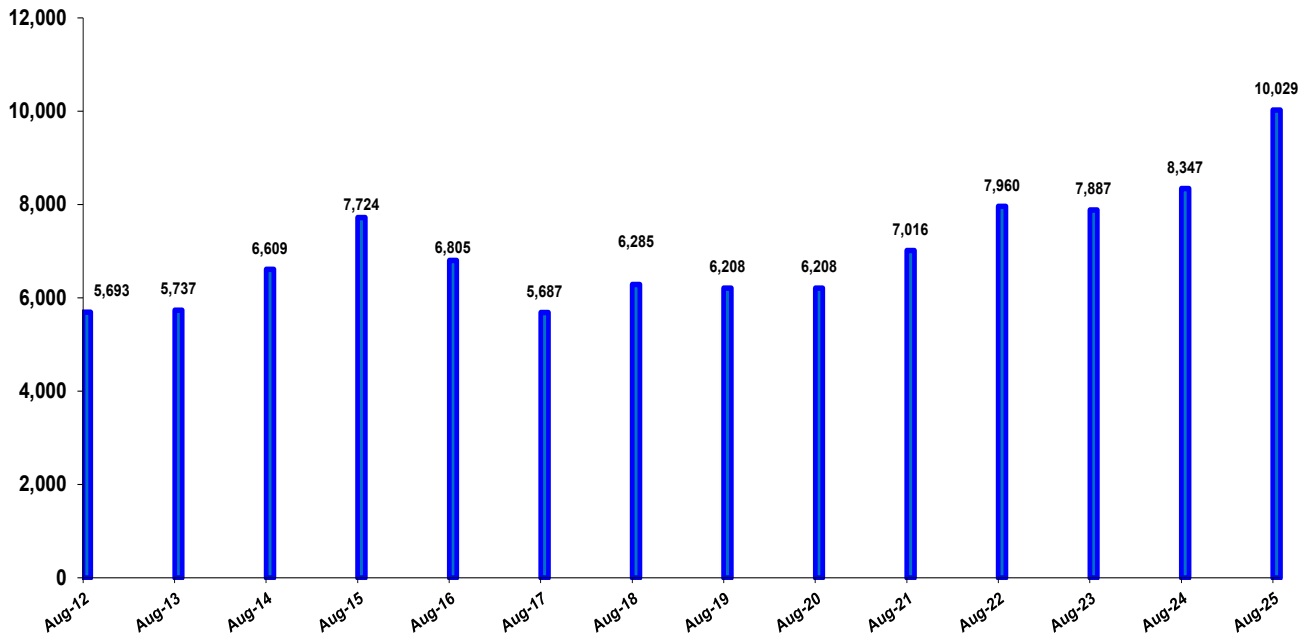
Plugged	Plugged and abandoned
Returned to Active Status	Active producing or service well
Operator Change	P-4 Operator Change was filed and approved. An operator change will not be approved unless the new operator has sufficient bond amount on file to cover the new wells and has an active P-5.
P-5 Renewal	The operator of record renews their P-5.
Other Reasons	Supporting documentation filed to correct shut-in date, well activity, etc.
Originally a Delq P5 > 12 Months	The P-5 for the operator of these wells had originally been shown delinquent for more than 12 months but data now reflects the delinquent date is less than 12 months. (The last P-5 filed date was revised and is now delinquent less than 12 months.)
Originally Delq P5 < 12 Months	The P-5 for the operator of these wells had originally been shown delinquent for less than 12 months but data now reflects the delinquent date is greater than 12 months
Wells Added to Population	Wells not considered orphaned at the end of the previous month but are considered orphaned at the close of this month.

Table 3 highlights the changes in the state’s orphaned well population from September 1, 2011 through August 31, 2025 (FY 2012 to FY 2025). Since fiscal year 2012, 30,743 orphaned wells were removed from the inventory, while 35,044 new orphaned wells were added to the inventory. One of the Commission's regulatory goals is to eliminate the threat of pollution posed by orphaned unplugged wells and to minimize the number of orphaned wells requiring plugging with OGRC funds, or other state and federal funds. Figure 2 illustrates that despite the Commission’s effort towards reducing the number of abandoned wells in Texas, there has been a persistent influx of wells to the orphan population. From the start of fiscal year 2012 to the end of FY 2025 in August, the population has increased from 5,728 to 10,029. The population increased substantially during the COVID-19 pandemic with 1,700 wells added to the population during fiscal years 2021 and 2022. At the end of fiscal year 2020, there were 6,208 wells in the population. Since 2020 alone, the population increased by 61 percent as the delayed impacts of the pandemic and other geopolitical events have affected the oil and gas industry.

Table 3: Change to orphaned well population FY 12–FY 25

Fiscal year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Beginning Population (from previous FY)	5,728	5,693	5,737	6,609	7,724	6,805	5,687	6,285	6,208	6,208	7,016	7,960	7,887	8,347	5,728
Plugged	(878)	(197)	(200)	(287)	(1,957)	(2,417)	(1,254)	(1,698)	(1,361)	(1,279)	(1,137)	(1,553)	(1,227)	(985)	(16,430)
Returned to Active Status	(1)	(7)	(3)	(93)	(12)	(9)	(8)	(5)	(4)	(40)	(7)	(12)	(40)	(4)	(245)
Operator Change	(183)	(230)	(169)	(229)	(188)	(310)	(273)	(1,118)	(326)	(354)	(407)	(365)	(250)	(259)	(4,661)
P-5 Renewal	(395)	(59)	(8)	(43)	(162)	(101)	(77)	(43)	(185)	(347)	(65)	(1,496)	(3,036)	(73)	(6,090)
Other Reasons	0	(1)	0	(73)	(1)	(5)	0	(1)	(1)	0	0	0	(1)	(1)	(84)
Originally Delq P5 > 12 months	(14)	0	(1)	0	(1,213)	(5)	0	(1)	(33)	(3)	(625)	(347)	(104)	(887)	(3,233)
Originally Delq P5 < 12 months	1,030	494	1,177	1,715	2,472	1,601	1,987	2,614	1,640	2,201	2,740	1,337	1,893	3,410	26,311
Wells Added to Population	406	44	76	125	142	128	223	175	270	630	445	2,363	3,225	481	8,733
Ending Population	5,693	5,737	6,609	7,724	6,805	5,687	6,285	6,208	6,208	7,016	7,960	7,887	8,347	10,029	10,029

Figure 2: Orphaned well population August 2012–August 2025



State Managed Cleanup Program

In addition to plugging orphaned wells, the Commission administers a state-managed cleanup program. This program is also funded with OGRC dollars. The program is responsible for the assessment and cleanup of oil field wastes and pollution at abandoned oil and gas sites. The majority of cleanups typically involve removing waste from surface equipment (tank batteries, separator, etc.) and remediating affected soils at abandoned well sites. Cleanup activities often follow well plugging activities. Funds are also used to cleanup abandoned pits, reclamation facilities and other types of sites such as abandoned natural gas processing plants, leaking pipelines, unidentified/illegal dumping of waste, and emergency cleanups.

Sites may enter the program as orphaned wells are identified, through a referral from the Operator Cleanup Program or State Funded Plugging Program, or as complaints from members of the public. When a new site enters the program, District Office Cleanup Coordinators perform a Site Assessment, detailing what pollution threats exist at each site. After the assessment phase, the SMCU team along with its contractors develop a work plan and a work order is issued to the contractor to complete the work under the oversight of the District Office Cleanup Coordinator (DOCC). The program also utilizes contracts with professional engineering firms to provide engineering design services and complex environmental investigations.

Oil and Gas Regulation Cleanup Fund (OGRC)

OGRC Fund revenue is derived primarily from regulatory and permitting fees paid by the oil and gas industry. The Fund also includes revenue from certain enforcement penalties, reimbursements, and proceeds from the sale of equipment and hydrocarbons salvaged from well plugging and site

remediation operations. Additionally, the Commission seeks other funding sources from state and federal agencies to supplement the activities of the Oil Field Cleanup Program. Although the OGRC Fund finances most of the Oil Field Cleanup Program activities, several site remediations documented in this report were funded with federal monies under Subtitle C of Brownfields Revitalization Act and Section 319 of the Clean Water Act Non-Point Source grant.

Oil Field Cleanup Activities Data

The following information on the Oil Field Cleanup Program is reported annually as required by §81.069, Natural Resources Code.

1. Performance Goals for the Oil and Gas Regulation and Cleanup Fund.

Through the legislative appropriations request process, the Commission established performance goals for fiscal year 2025 as detailed in Table 4. In FY 2025 the Commission exceeded its internally established performance goal relating to number of surface locations identified for remediation.

Table 4: Fiscal Year 2025 Performance Goals

Measure	Performance Target	Actual Performance	Percent of Target Achieved
Number of orphaned wells to be plugged with state funds	1,000*	775	77.5%
Number of abandoned sites investigated, assessed, or cleaned up with state funds	400**	282	71%
Number of surface locations to be remediated	1,500	1,959	131%

* Target is 1,000 per Rider 16 (House Bill 1, General Appropriations Act, 88th Legislature, Regular Session, 2023)

** The Site Remediation Program’s legislative performance measure of 400 was established when Infrastructure Investment and Jobs Act (IIJA) funds were expected to be readily available. The use of IIJA funding was delayed throughout fiscal year 2025 by federal environmental compliance requirements; as a result the program completed 282 activities using OGRC and federal Brownfields Program funding, exceeding the goal established in the fiscal year 2025 OGRC Workplan of 200 completed activities.

2. Number of Orphaned Wells Plugged with State-Managed Funds, by District:

In fiscal year 2025, the Commission plugged and closed files on 1,101 wells with OGRC funds and other federal or state sources including funding from the General Land Office and the Infrastructure Investment and Jobs Act. The total number of wells plugged represents those wells that were physically plugged, invoiced by the plugging contractor, and approved for payment through August 31, 2025. A total of 1,188 wells were physically plugged during fiscal year 2025 with 1,101 invoiced and paid during fiscal year 2025.

The Commission plugged wells in every agency district in FY 2025. Figure 3 identifies the boundaries of all agency districts. Figure 4 details the numbers of wells plugged by district during fiscal year 2025.

Figure 3: Regional map of Railroad Commission district offices

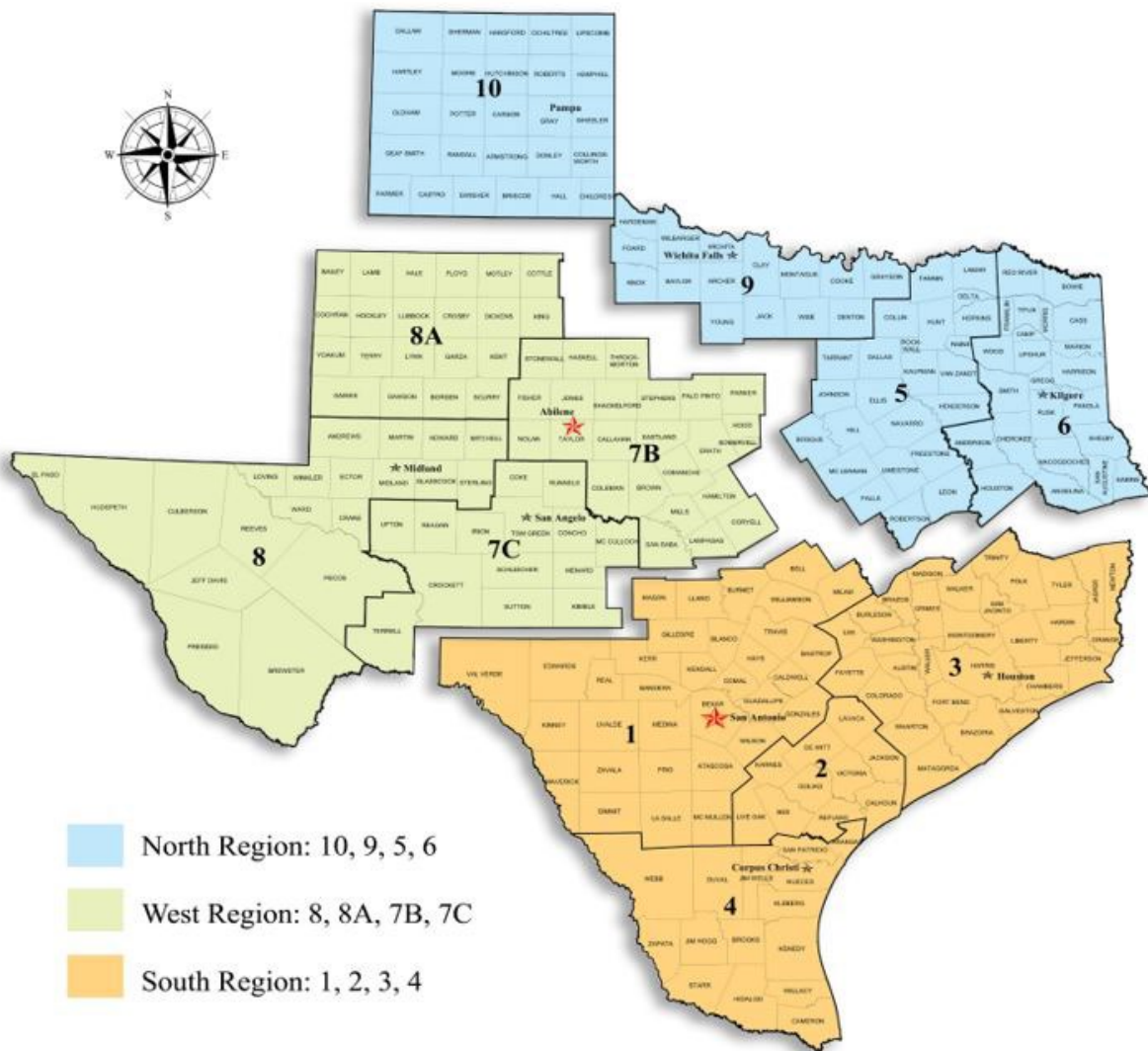


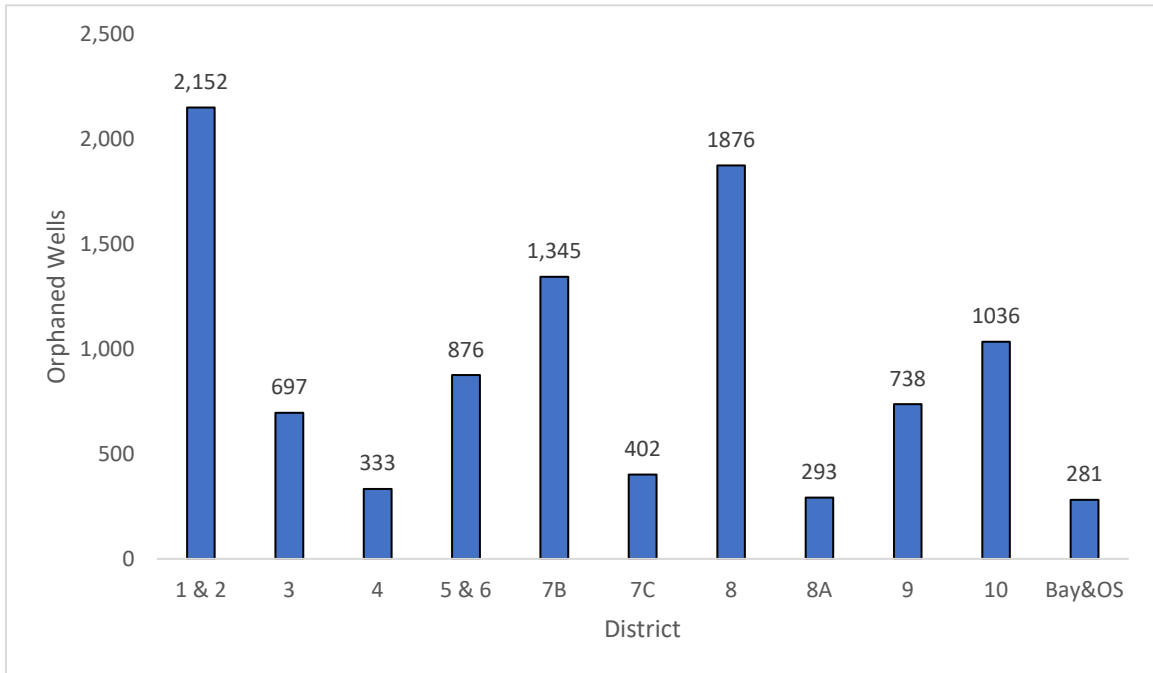
Figure 4: Wells plugged and paid by RRC district FY 2025



3. Number of Wells Orphaned, by District:

As of August 2025, the Commission’s count of abandoned, orphaned wells equaled 10,029. Figure 5 illustrates the number of orphaned wells by agency district at the end of August 2025.

Figure 5: Orphaned wells by district, FY 2025

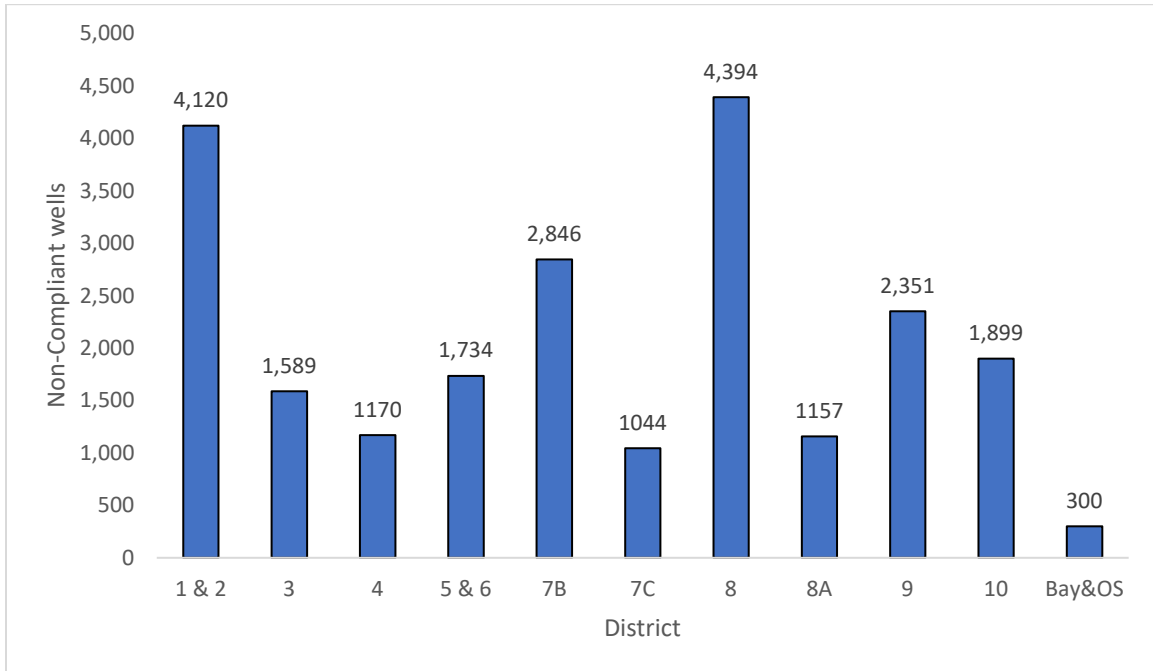


In addition to the 10,029 orphaned wells, there are also an unknown number of old, unidentified wells in Texas that were not recorded with the Commission. These include historical wells that were dug in the decades following Spindletop. As these wells are located, the Commission initiates plugging operations in accordance with the well plugging priority system, which is based on the threat the well poses to the environment and public safety. In fiscal year 2025, 47 previously unidentified abandoned wells were plugged. These unidentified wells accounted for 4.2 percent of all wells plugged by the Commission for that fiscal year.

4. Number of Inactive Wells Not Currently in Compliance with Commission Rules, by District:

The number of known inactive wells not in compliance with Commission rules as of August 2025 totals 22,604. The number represents wells that remain shut-in beyond the initial 12-month shut-in period authorized by Commission 16 Texas Administrative Code §3.14(b)(2) [Statewide Rule 14(b)(2)] and do not have a plugging extension, regardless of whether the operator's Organization Report is active or delinquent. Figure 6 shows the number of non-compliant wells by district at the end of August 2025.

Figure 6: Non-compliant wells FY 2025



5. Status of Enforcement Proceedings for Wells in Violation of Commission Rules, by District:

In fiscal year 2024, the Commission referred a total of 497 non-compliant wells to the Office of the Attorney General (OAG) for collection. Table 5 depicts the number of wells, by district, in violation of the Commission's plugging rule that have been referred to the Office of General Counsel—Legal Enforcement Section for enforcement and/or the OAG for collection. The wells referenced here are in various stages of enforcement/collection.

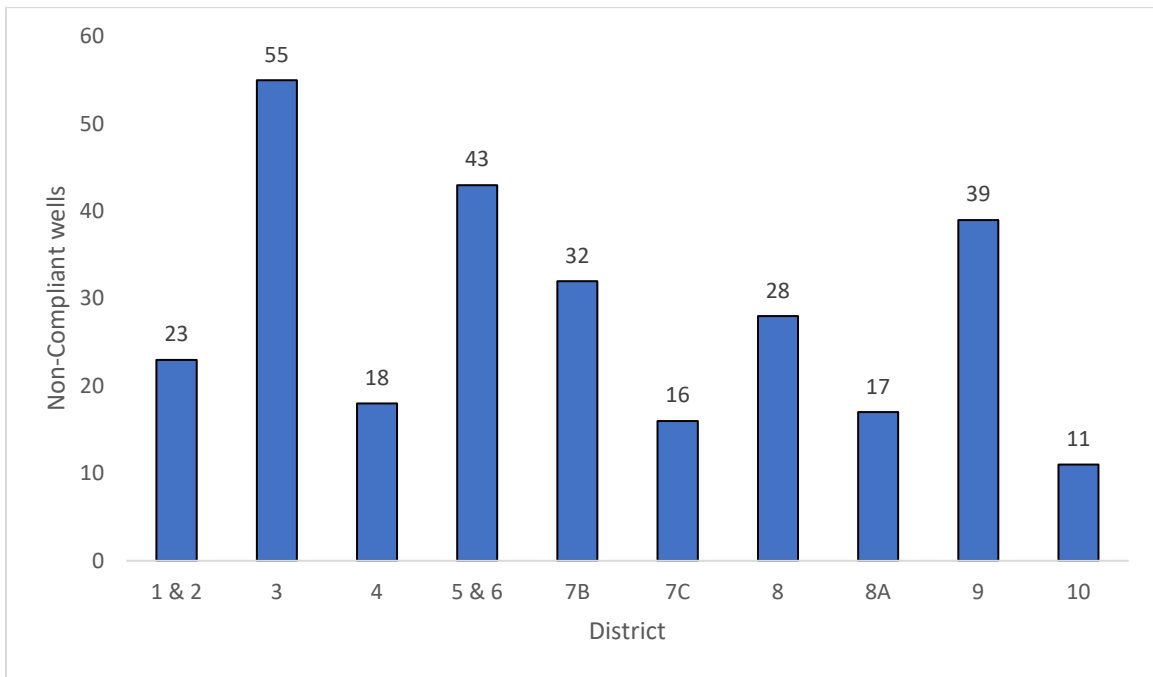
Table 5: Enforcement proceedings by district

ENFORCEMENT PROCEEDINGS	1/2	3	4	5/6	7B	7C	8/8A	9	10	Total
STATUS										
1. Awaiting RRC review	0	6	0	0	0	0	8	0	0	14
2. Awaiting Hearing	30	20	1	10	48	40	102	51	4	306
3. Awaiting Final Order	90	54	0	14	100	47	196	71	191	763
4. Wells Referred to AG	57	78	2	37	105	27	95	95	1	497
Total Wells Still in Violation	177	158	3	61	253	114	401	217	196	1580
TIME PERIOD										
5. In Enforcement < 2yrs	118	72	1	21	144	87	305	71	195	1014
6. In Enforcement > 2yrs & < 5yrs	2	8	0	3	4	0	1	51	0	69
7. In Enforcement > 5yrs	0	0	0	0	0	0	0	0	0	0
Total Wells Still in Enforcement	120	80	1	24	148	87	306	122	195	1083

6. Number of Surface Locations Remediated, by District:

During fiscal year 2025, the Commission conducted 282 cleanup activities through the State Managed Cleanup Program. This includes all remediation activities invoiced by contractors that were approved and processed by the Commission before August 31, 2025. State-managed remediation activities included 244 routine remediation operations and 38 site assessment investigations. Figure 7 depicts these 282 activities by district for fiscal year 2025.

Figure 7: Remediation Activities FY 2025



7. Oil and Gas Regulation and Cleanup Fund Expenditures for Oil Field Cleanup Activities:

The Commission spent \$88,425,100.21 on oilfield cleanup activities in FY 2025. These included expenditures for abandoned well plugging through the State Managed Plugging Program, and for site remediation activities through the State Managed Cleanup Program. In addition to these expenditures, \$17,238.44 of funds were encumbered for cleanup activities in FY 2025. Table 6 provides a line-item description for expenditures and encumbrances for FY 2025.

*Table 6: FY 2025 Expenditures for Oil Field Cleanup Activities**

Category	Expenditures	Encumbrances	Total
Salaries and Wages	\$8,436,881.45		\$8,436,881.45
Payroll-Related Benefits	2,645,332.01		2,645,332.01
Professional Fees	1,376,351.51		1,376,351.51
Travel	108,210.15		108,210.15
Training	165.26		165.26
Motor Vehicle	622,757.25		622,757.25
Other Operating Costs	583,922.01	14,238.44	598,160.45
Well Plugging / Site Remediation Contracts	74,532,497.13	3,000.00	74,535,497.13
Capital Equipment	101,745.00	-	101,745.00
GRAND TOTAL	\$88,407,861.77	\$17,238.44	\$88,425,100.21

*All FY 2025 OGRC expenditures for Well Plugging and Site Remediation strategy excludes indirect costs.

- Includes expenditures for Site Remediation, architectural and other contracted services.
- Includes OGRC, General Revenue, and Federal Funds
- Financial Information current as of January 5, 2025.

8. Orphaned Well Plugging Prioritization Methodology:

The Commission uses a priority methodology to rank wells for plugging to ensure that those wells posing the greatest threat to public safety and the environment are plugged first. The priority system includes four factors relating to the threat a wellbore poses to public safety and the environment:

1. Well Completion;
2. Wellbore Conditions;
3. Well Location with respect to sensitive areas; and
4. Unique Environmental, Safety, or Economic Concern.

Table 7 lists the factors used in this prioritization system. The sum of all factors provides a total weight, which determines a well's plugging priority. Wells receive a priority of 1, 2H, 2, 3, or 4, where 1 is the highest priority. Plugging priority 1 and 2H can also be dictated based upon definition; listed below.

Definitions:

Leaking well: is defined as a well that is leaking oil, gas or salt water in an amount that poses an immediate, or imminent threat to public safety or the environment.

Higher risk well: applies to wells where usable quality water is not protected and the fluid at the surface (bradenhead) is not of usable quality, or when an H₂S well impacts a public area as defined by Statewide Rule 36

Table 7: Well Plugging Priority System

	FACTOR	Weight
1	Well Completion	
A	Unknown (no well records)	15
B	No surface casing or set above base of deepest usable quality water	10
C	Additional casing string not adequately cemented to isolate usable quality water	5
D	Injection or Disposal Well	10
E.	Well penetrates salt/corrosive water bearing formation or abnormally pressured formation	5
F.	Well in H2S Field	5
G	Age: Well drilled \geq 25 years ago	5
	Total: (40 points max)	
2	Wellbore Conditions	
A	Well is pressured up at the surface (tubing or prod casing)	10
B	Bradenhead pressure exists *	5
	Auto 2H if UQW not protected and fluid at BH is not UQW	
C	Measured fluid level	
D	Fluid level at or above the base of deepest usable quality water.	50
E.	Fluid level less than 250' below base of deepest usable quality water (NA if 2D applies)	15
F.	MIT Failure	5
G	H-15 (MIT) never performed or test > 5 years old (NA if F applies)	3
H	Inadequate wellhead control/integrity	5
	Total: (75 points max)	
3	Well location with respect to sensitive areas:	
A	H2S well with Public area ROE** Automatic Priority 2H	
B	In Marine Environment	10
C	Within 100' or river, lake, creek, or domestic use fresh water well (NA if B applies)	5
D	Between 100' and 1/4 mile of river, lake, creek, or domestic use fresh water well (NA if C applies)	3
E.	Located within agricultural area.	2
F.	Well located in known sensitive wildlife area.	3
G	Well located within city or town site limits.	10
	Total (20 points max)	
4	Unique environmental, Safety, or Economic Concern	
A	Adjacent to active water flood or disposal well at or above completion interval.	5
B	Logistics (poor roads, encroaching public, etc.)	5
C	Well contains junk.	5
D	P-5 Delinquent > 5 years	5
E.	Other (attach explanation)	1-20
	Total: (20 points max)	

Total Weight

Priority 1 = Leaking Well [based upon definition]
Priority 2H = Higher Risk well [based on definition and/or total weight of 75+]
Priority 2 = Total Weight of 50-75
Priority 3 = Total Weight of 25-49
Priority 4 = Total Weight < 25

*BH pressure is sustained.

**2H if public areas could be impacted based on 16 Texas Administrative Code §3.36 [Statewide Rule 36] definition.

Undetected/continuous leak possible.

Table 8 shows the number of wells plugged by priority during fiscal year 2025 and between fiscal years 1992 and 2025. In September 2001, the Commission implemented the High Risk Well Testing Program, established by SB 310 (77th Legislature, 2001) and began concentrating its well plugging efforts on priority 1 and 2 wells. This continued through fiscal year 2025.

Table 8: Number of wells plugged by priority

	Fiscal Year 2025	Fiscal Years 1992 – 2025
Priority 1	52	3,712
Priority 2H	451	8,092
Priority 2	217	12,785
Priority 3	380	10,260
Priority 4	1	4,065
Priority 5*	0	1,651
Total	1,101	40,565

*No longer used (Priority 5 category eliminated in fiscal year 2001)

9. Projection of the amount of money needed for the next biennium for plugging orphaned wells, investigating, assessing, and cleaning up abandoned sites, and remediating surface locations.

The General Appropriations Act (Senate Bill 1), the 89th Texas Legislature appropriated \$117.1M for fiscal year 2026 and \$117.4M for fiscal year 2027 to plug 1,700 wells per year and remediate 250 sites per year. The 89th Texas Legislature also appropriated an additional \$100M for well plugging for a two-year period starting in June 2025 as supplemental appropriations included in House Bill 500,.

10. Number of Sites Successfully Remediated Under the Voluntary Cleanup Program, by District:

During fiscal year 2025, the Commission issued Certificates of Completion for 9 sites in the Voluntary Cleanup Program (VCP), all within District 3.